



Amy G. Rabinowitz  
*Counsel*

July 21, 2003

Mary L. Cottrell, Secretary  
Department of Telecommunications and Energy  
One South Station  
Boston, MA 02110

**Re: D.T.E. 03-2**

Dear Secretary Cottrell:

I am enclosing for filing the Company's response to the Department's record requests in the above-captioned proceeding. In addition, I am enclosing the Company's motion to have exhibits accepted into evidence in this proceeding.

Thank you very much for your time and attention to this filing.

Very truly yours,

Amy G. Rabinowitz

cc: William Stevens, Hearing Officer  
Service List

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Massachusetts Electric Company  
Nantucket Electric Company  
Docket D.T.E. 03-2  
Department of Telecommunications & Energy Record Requests

Record Request DTE-1

Request:

Please provide the interest rate that is most representative of what is earned by the system benefit charge fund.

Response:

The Company accrues interest on the under-spent energy efficiency funds at the interest rate that is applied to customer deposits. That rate is currently set at 2.64%.

Massachusetts Electric Company  
Nantucket Electric Company  
Docket D.T.E. 03-2  
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Record Request DTE-2

Request:

Based on the information in Record Request 1, please estimate the opportunity cost to the fund if the MEP is approved. Please state all other major assumptions.

Response:

As stated in Mr. McAteer's testimony, the financing of customer copayments for energy efficiency projects will be interest-free. If interest was applied to customer copayments at the rate noted in the response to DTE-1, roughly \$9,200 would be collected over the maximum customer payment period of 24 months and would be added to the system benefits charge fund. This amount represents one opportunity cost of MEP.

The assumptions used to calculate the \$9,200 are shown below.

- a. Remaining budget for MEP: \$500,000 (reflects the original proposed budget of \$2.3 million for MEP minus the \$1.8 million that has already been paid or committed to municipal efficiency projects.)
- b. Customer copayments of 40% of total project costs: \$333,000 (total project costs of \$833,000 minus rebates of \$500,000).
- c. Terms for customer monthly payments to Massachusetts Electric: up to 24 months.
- d. Interest Rate applied to funds collected through the system benefits charge: 2.64%

The calculation of this amount assumes that the entire energy efficiency budget is not spent during the year and that all participants choose to make payments over 24 months instead of over fewer months. If these conditions are not met, the cost to the fund would be lower.

The other opportunity cost of MEP is associated with the amount of system benefit charge funds or \$333,000 that will be committed over two years to customer copayments and that could otherwise be used to provide rebates to customers for other efficiency projects. The actual opportunity cost would be the energy savings and reductions in electric bills achieved by customers over up to two years resulting from efficiency projects that could be funded by the \$333,000, less the savings that result from MEP installations that would not otherwise be completed.

The Company believes that the above opportunity costs are outweighed by the benefits of MEP which will enable municipalities that cannot fund the copayment upfront to participate by making payments over a 24 month period. With recent severe cuts to municipal budgets across the Commonwealth, the upfront costs of efficiency projects represent a significant hurdle to participation.

COMMONWEALTH OF MASSACHUSETTS

DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

	)	
Massachusetts Electric Company	)	
Nantucket Electric Company	)	D.T.E. 03-2
2003 Energy Efficiency Program	)	
	)	

**Motion of Massachusetts Electric Company and Nantucket Electric Company  
To Accept Exhibits into Evidence**

Massachusetts Electric Company and Nantucket Electric Company (collectively  
“Company”) move that the Department accept the following exhibits into evidence in the  
above-captioned docket:

Mass. Electric Exhibits:

- 1: May 29, 2003 Prefiled testimony of Michael L. McAteer
- 2: May 14, 2003 letter from Amy G. Rabinowitz to the Department
- 3: 2003 Energy Efficiency Plan, filed January 13, 2003, as amended by Exhibit  
Mass. Electric 2 (Appendix D) and May 27, 2003 letter (Appendix A) and Exhibit DTE  
2-1 (Appendix A)

Department Exhibits:

- |           |  |
|-----------|--|
| DTE 1-1:  | Company response to Department information request DTE 1-1         |
| DTE 1-2:  | Company response to Department information request DTE 1-2         |
| DTE 1-3:  | Company response to Department information request DTE 1-3         |
| DTE 1-4:  | Company response to Department information request DTE 1-4         |
| DTE 1-5:  | Company response to Department information request DTE 1-5         |
| DTE 1-6:  | Company response to Department information request DTE 1-6         |
| DTE 1-7:  | Company response to Department information request DTE 1-7         |
| DTE 1-8:  | Company response to Department information request DTE 1-8         |
| DTE 1-9:  | Revised Company response to Department information request DTE 1-9 |
| DTE 1-10: | Company response to Department information request DTE 1-10        |
| DTE 1-11: | Company response to Department information request DTE 1-11        |
| DTE 1-12: | Company response to Department information request DTE 1-12        |
| DTE 2-1:  | Company response to Department information request DTE 2-1         |

Respectfully submitted,

MASSACHUSETTS ELECTRIC  
COMPANY  
NANTUCKET ELECTRIC COMPANY  
By their attorney,

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Amy G. Rabinowitz  
25 Research Drive  
Westboro, MA 01582

Date: July 21, 2003

COMMONWEALTH OF MASSACHUSETTS

DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

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Massachusetts Electric Company	)	
Nantucket Electric Company	)	D.T.E. 03-2
2003 Energy Efficiency Program	)	
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CERTIFICATE OF SERVICE

I hereby certify that I served copies of the Motion of Massachusetts Electric Company and Nantucket Electric Company to Accept Exhibits into Evidence by first-class mail to the service list in the above-captioned proceeding.

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Amy G. Rabinowitz  
25 Research Drive  
Westboro, MA 01582

Dated: July 21, 2003